

annuities. You should consult a professional tax advisor to discuss your individual tax situation.

Under current federal law, annuities receive special tax treatment. Income tax on annuities is deferred, which means you do not pay taxes on the interest your money earns while it stays in the annuity. Tax-deferred accumulation is not the same as tax-free accumulation. It means your taxes are delayed until you start withdrawing money. You also may have to pay a 10% tax penalty if you withdraw money before age 59 1/2.

When you take payouts or make a withdrawal, you pay ordinary income taxes on the earned interest.* If your state imposes a premium tax, it will be deducted from the money you receive.

You can exchange (rollover or transfer) the funds from one tax-deferred annuity to another without paying taxes on the earnings when you make the exchange. Before you do, compare the benefits, features and costs of the two annuities. You may pay a surrender charge if you make the exchange during the surrender charge period. Also, you may pay a surrender charge if you make withdrawals from a new annuity during the first years you own it.

Does buying an annuity in a retirement plan provide extra tax benefits?

Purchasing an annuity as an IRA or other tax-deferred retirement plan does not give you any extra tax benefits. Choose your annuity based on its other features and benefits, as well as its risks and costs, not solely based upon its tax benefits.

OTHER INFORMATION

What else do I need to know?

Changes to your contract - We may change your annuity contract from time to time to follow federal or state laws and regulations. If we do, we will notify you about the changes in writing.

Compensation - We pay the sales representative, broker or firm for selling the annuity to you. They may receive additional compensation for selling this annuity contract rather than selling another annuity contract.

Free look - Many states have laws that provide you with a set number of days to review and reconsider

your annuity purchase. If you decide during that time that you do not want it, you may return the annuity and receive all your money back. PRCUA provides you with 10 days to look over your contract. During this period, you may cancel for any reason. Please review your contract to learn more about your free look period.

How can values be assessed?

Every member will be provided an Annual Report to assess the values of their annuity.

How do I know if a Flexible Premium Deferred Annuity is right for me?

The questions listed below may help you decide. You should think about what your goals are for the money you put into the annuity.

- *How long can I leave my money in the annuity?*
- *Does the annuity let me get money when I need it?*
- *When is the earliest I can get money out of the annuity, and how much can I get?*
- *How soon will I need income payments?*

What should I know about the insurance company?

The Polish Roman Catholic Union of America is a fraternal benefit society offering various fraternal programs. The PRCUA provides a wide variety of fraternal programs, retirement and financial security products, which include life insurance and annuities.

**Most IRAs are taxed on all funds because they were excluded from your taxable income in the year in which the contribution was made.*

This is a summary document and not part of your contract with PRCUA.

Polish Roman Catholic Union of America
984 N. Milwaukee Avenue
Chicago, IL 60642-4101
Toll-free 800-772-8632
773-782-2600
Fax: 773.278.4595
www.prcua.org

Polish Roman Catholic Union of America



Flexible Premium Deferred Annuity Disclosure

This disclosure can help you understand flexible premium deferred annuities. It discusses:

- ✓ ***how interest is earned***
- ✓ ***how charges are calculated***
- ✓ ***what happens if you take money out before it is scheduled to be paid***
- ✓ ***how to make informed decisions when you choose to invest in an annuity***
- ✓ ***the way in which long-term financial goals can be achieved***

This disclosure reviews important points to think about before you buy an annuity with the Polish Roman Catholic Union of America.

This annuity is flexible premium, which means you can purchase it with as many premiums (payments) as you want, whenever you want. (For qualified plans, IRS restrictions apply.) It is deferred, which means payouts begin at a future date. You do not pay taxes on the interest it earns until the money is distributed to you.

You can use an annuity to save money for retirement and receive retirement income for life. IT IS NOT MEANT TO BE USED TO MEET SHORT-TERM FINANCIAL GOALS.

If you have questions about this annuity, please ask your sales representative or advisor, or contact the PRCUA at 800-772-8632.

This Disclosure isn't meant to offer legal, financial or tax advice. You may want to consult independent advisors.

THE ANNUITY CONTRACT

Deferred annuities have an accumulation period and a payout period. During the accumulation period, the money you put into the annuity earns interest. The earnings grow tax-deferred as long as you leave them in the annuity. After the accumulation period ends, the payout period (annuitization period) begins; PRCUA pays income to you or to someone you choose.

How will the value of my annuity grow?

During the accumulation period of a Flexible Premium Deferred Annuity, your money earns tax-deferred interest credits at the current applicable Annual Percentage Yield (APY) that is being offered by the PRCUA.

When you purchase your annuity, you choose from one of the series that are being offered by us. The current APY depends on the annuity series that you choose as well as the funds that are deposited. Interest compounds monthly and is based on the accumulated value of your annuity as of the last calendar day of each month. Payments or contributions received by the 15th day of each month are eligible for interest credits for that

particular month.

The guaranteed minimum APY during the life of the annuity is 3.00%. This means, your annuity will never earn less than 3.00%.

During the payout period, the amount of each income payment to you is determined when the payments start and will not change.

BENEFITS

How do I get income (payouts) from my annuity?

Once you have an annuity, you may choose a payout commencement date (when you start to receive income from your annuity). You can also choose how to receive the income (the payout or settlement option).

Income payments are usually made monthly, but you may choose to receive them less often. The amount of the income payments is based on the accumulated value in your annuity and the annuity's benefit rate that is in effect when income payments start. The benefit rate usually depends on your age, gender and the annuity payment option you choose. For example, you might choose payments that continue as long as you live, or as long as you and your spouse live, or for a set number of years.

What happens after I die?

If you die before we start to pay you income from your annuity, we pay the value of your annuity to your beneficiary. If you die after the payouts start, depending on the type of payout you chose, we pay any remaining periodic payments at the same frequency you were receiving them, to your beneficiary.

FEES, EXPENSES & OTHER CHARGES

What happens if I take out some or all of the money from my annuity?

You cannot take any of the money out of your annuity after the payout begins. However, before it begins, you can take out all of your annuity's value (full surrender) or part of it (partial surrender/withdrawal). You can take a partial surrender if the amount you request is at least \$15 and you leave at least \$300 in the account if your annuity is in the Millennium series or at least \$5,000 if the annuity is in the Classic or Preferred series. If the accumulated value of your annuity is less than these amounts, your annuity will no

longer earn the current APY being offered. Instead, the funds will earn the minimum guaranteed APY of 3.00%.

We take a surrender charge from the amounts you withdraw within the surrender charge period, when applicable. Every 366 days you can withdraw up to 10% of the accumulated value of your annuity without surrender charges.

Amounts over the allowable 10% are subject to the following surrender charges:

Millennium Series						
Contract year						
1	2	3	4	5	6	7
Surrender charge						
8%	7%	6%	5%	4%	3%	1%

Classic Series			
Contract year			
	1	2	3
Surrender charge			
	3%	2%	1%

Preferred Series
There are no surrender charges.

Example: If you have a Millennium series annuity and you withdraw \$7,000 in the 5th contract year, your surrender charge is $\$7,000 \times 0.04 = \280.00 . If you withdraw any amount of money that you have in the Millennium series after the end of the seventh contract year, there is no surrender charge.

This example applies when the allowable 10% is no longer available.

Exceptions: In some cases, we may waive the surrender charge. For example, there's no surrender charge if we pay the remaining value of your annuity to a beneficiary after your death.

Do I pay any other fees or charges?

No. There are not any other fees or charges on this annuity.

TAXES

How will payouts and withdrawals from my annuity be taxed?

Below is a general discussion about taxes and